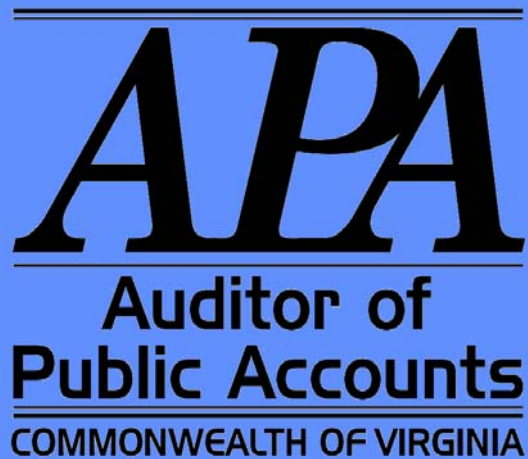


STATEWIDE REVIEW OF FLEET MANAGEMENT

OCTOBER 2007



EXECUTIVE SUMMARY

The Commonwealth of Virginia owns over 20,000 passenger and non-passenger-type vehicles. At an average cost of \$22,224, this is an investment of over \$444 million. The Commonwealth spends on average \$120 million each fiscal year on vehicle-related expenses such as buying vehicles, providing gas and maintenance for the vehicles, and paying personal reimbursement for state employees driving their own vehicles for business-related travel.

The Office of Fleet Management Services (OFMS) at the Department of General Services did not adequately address issues noted in the “Review of the State’s Passenger Vehicle Fleet” issued by the Joint Legislative Audit and Review Commission in 2004. In addition, most agencies that we reviewed during this study had not addressed some of the issues cited in the “Statewide Review of Agency-Owned Vehicles” audit report issued by the Auditor of Public Accounts in 2004.

OFMS does not have a business plan outlining their goals for the future. A business plan is a document that summarizes the business’ objectives and contains detailed plans and budgets showing how the entity will realize these objectives. The business plan should help a business look ahead, allocate resources, focus on key points, and prepare for problems and opportunities. Not having a business plan has hindered OFMS from moving forward in establishing a well-managed, cost effective fleet as *Executive Order 89* required. To date OFMS has implemented various initiatives such as the Vehicle Management Control Center (VMCC) maintenance service center, the FASTER system, and Enterprise Rent-A-Car rental program. However, these implementations are not part of an overall plan to get OFMS to any specific goal or on any specific timeline. With a business plan, OFMS would have goals and a timeline for implementation of the components that they need to get the Commonwealth’s fleet where it can be the most cost effective.

To improve overall fleet management, this report includes recommendations to amend the Commonwealth’s overall vehicle policies and procedures and change existing central processes.

We also recommended various changes in internal controls, policies, and procedures for the following agencies.

- Department of Motor Vehicles
- Department of Corrections
- Department of State Police
- Department of Game and Inland Fisheries
- Department of Forestry

- TABLE OF CONTENTS -

	<u>Pages</u>
EXECUTIVE SUMMARY	
INTRODUCTION	1-2
STUDY METHODOLOGY	2
DEFINITIONS	2
BACKGROUND	
Introduction	3
History of the Centralized Fleet	3
Prior Fleet Reviews	3-4
GOVERNING GUIDANCE	
Executive Orders	4-6
Business Plan	6-7
OFMS OPERATIONS – PAST, PRESENT, AND FUTURE	
General	8-10
Vehicles Purchases	10-13
Vehicle Assignment and Utilization	13-15
Vehicle Use	15-16
Commuting	17
Accidents	18-19
Vehicle Maintenance and Care	19-22
Vehicle Disposal	22-23

INDIVIDUAL AGENCY RECOMMENDATIONS AND STATUS

Department of Motor Vehicles	24
Department of Corrections	24-25
Department of State Police	26-27
Department of Game and Inland Fisheries	27
Department of Mines, Minerals, and Energy	28
Department of Conservation and Recreation	28
Department of Forestry	29
Virginia Polytechnic Institute and State University	29
TRANSMITTAL LETTER	30-31

AGENCY RESPONSES

Department of General Services	32-33
Department of Motor Vehicles	34
Department of Corrections	35-36
Department of State Police	37
Department of Game and Inland Fisheries	38
Department of Conservation and Recreation	39
Department of Forestry	40

INTRODUCTION

The Commonwealth of Virginia owns approximately 20,000 passenger and non-passenger vehicles. At an average cost of \$22,224, this is an investment of over \$444 million. The Commonwealth spends on average \$120 million each fiscal year on vehicle-related expenses such as buying vehicles, providing gas and maintenance for the vehicles, and paying personal reimbursement for state employees driving their own vehicles for business-related travel.

	Fiscal Years				
	2003	2004	2005	2006	2007
Vehicle Purchases	\$ 42,505,089	\$ 44,250,480	\$ 69,017,419	\$ 42,475,198	\$ 53,927,298
Maintenance	13,338,429	15,959,181	16,339,515	15,262,825	15,015,685
Gasoline	22,938,109	24,398,591	36,523,616	47,927,573	50,847,209
Personal Reimbursement	11,953,603	12,410,915	12,241,935	12,524,228	15,837,322
State Vehicle Travel	13,514,753	13,456,252	13,799,423	13,587,294	16,576,094
Totals	<u>\$104,249,983</u>	<u>\$ 110,475,419</u>	<u>\$147,921,907</u>	<u>\$131,777,118</u>	<u>\$152,203,608</u>

As reflected in these numbers, the rise in gas prices and changes in the economy over the past few years have had a direct effect on vehicle-related expenses. Overall purchases of vehicles declined slightly since fiscal year 2003 until fiscal year 2007 with a slight increase in fiscal year 2004 and a sharp increase in fiscal year 2005. The Department of Transportation (Transportation) budgeted for and replaced a large number of rental equipment items in fiscal year 2005. In fiscal year 2007, vehicles purchases rose again. After limiting and reducing vehicle purchases over the past four years, agencies began replacing vehicles at a higher rate. For example, the Centralized Fleet purchased more vehicles to bring its fleet back to a six year replacement cycle.

Maintenance and gasoline expenses have increased. Typically, agencies were buying vehicles less often resulting in an increase in maintenance expenses. Fuel costs have more than doubled over the past five years in correlation with the doubling of the price per gallon. In addition, in fiscal year 2007 the Office of Fleet Management Services (OFMS) began charging agencies separately for fuel in addition to the vehicle rental rate due to the volatile cost of fuel.

Personal reimbursements remained consistent until an increase in fiscal year 2007. This directly relates to the increase in the mileage reimbursement rate for use of personal vehicles on state business passed in the fall of 2006. State vehicle travel costs, which relate to the cost associated with pool and permanently assigned vehicles from the Centralized Fleet, remained constant until fiscal year 2007. During fiscal year 2007, OFMS deployed more permanently assigned vehicles to agencies than in the past. In addition, during the implementation of the Enterprise rental car contract in fiscal year 2007, agency payments for rental went through OFMS to Enterprise until agencies could establish their own accounts with Enterprise. This resulted in double counting of these expenses.

The Commonwealth's vehicles include sedans, station wagons, passenger vans, sport utility vehicles, pickup trucks, dump trucks, buses, and various other types of vehicles. The Code of Virginia requires that all passenger-type vehicles, with certain exemptions, be a part of the Centralized Fleet administered by OFMS at the Department of General Services (General Services). However, the Centralized Fleet does not provide non-passenger vehicles; therefore, agencies purchase these vehicles themselves.

STUDY METHODOLOGY

Our review includes a follow-up on the Special Report entitled "Statewide Review of Agency-Owned Vehicles" issued in June 2004 by the Auditor of Public Accounts and the report entitled "Review of the State's Passenger Vehicle Fleet" issued by the Joint Legislative and Review Commission in 2004. The follow-up consisted of interviews with the Departments of Corrections, Forestry, Game and Inland Fisheries, Mines, Minerals, and Energy, Motor Vehicles, and State Police, Virginia Polytechnic Institute, and State University.

We reviewed laws and regulations relating to state-owned vehicles including *Executive Order 89* "Purchase, Assignment and Use of State-owned Vehicles" and the OFMS Rules and Regulations. We reviewed policies and procedures for fleet management from other state and institutional websites including California, Florida, Indiana, Iowa, Minnesota, Missouri, North Carolina, Oklahoma, South Carolina, Utah, Wisconsin, Nova Scotia, United States Department of Energy, and United States General Services Administration Guide to Federal Fleet Management. We conducted interviews and observed key personnel at OFMS to determine current fleet operations and plans for the future.

DEFINITIONS

The following are definitions from the Code of Virginia and OFMS policies and procedures that appear throughout this report.

- Passenger-Type Vehicles means any automobile, including sedans and station wagons, or vans used primarily for the transportation of the operator and no more than 15 passengers.
- Non-Passenger-Type Vehicles includes pickup trucks, dump trucks, buses, cargo vans, tractor trailers, and all other vehicles not included in the definition of passenger-type vehicles.
- Vehicles means any state-owned vehicle registered with the Department of Motor Vehicles that includes but is not limited to sedans, station wagons, minivans, pickup trucks, sport utility vehicles, or vans used primarily for the transportation of the operator and no more than 15 passengers.
- Commuting means the use of state-owned or leased passenger-type vehicle by an employee for travel between home and office, while not in "travel status."
- Centralized Fleet means passenger-type vehicles assigned to General Services' OFMS that are available for use by state agencies.

BACKGROUND

Introduction

This report consists of three parts. The first part discusses the history of the Fleet and previous audits. The second part discusses current state of fleet management. Finally, the third part discusses the actions taken to date to address previous audits and other issues that have arisen related to the Centralized Fleet and individual agencies and institutions.

History of the Centralized Fleet

The Commonwealth's Centralized Fleet had been under the direction of Transportation since 1948. The Centralized Fleet has undergone many changes through either legislative mandates or executive orders. Due to these changes, the Centralized Fleet evolved from the original Garage Pool that began at Transportation to the OFMS at General Services. Prior to the Centralized Fleet, each agency was responsible for providing employees transportation for official state business. In 1989, the Department of Accounts (Accounts) established an internal service fund to finance the Centralized Fleet.

On July 1, 2001, the Commonwealth's Centralized Fleet oversight responsibility transferred from Transportation to the Director of General Services, which has established the OFMS. The mission of OFMS is to provide safe, efficient, and reliable passenger-type vehicular transportation for business use by Commonwealth of Virginia employees. OFMS manages approximately half of the Commonwealth's passenger-type vehicles in a Centralized Fleet. Vehicles provided through the Centralized Fleet include compact, mid-size, and full-size sedans, vans, trucks, and sport utility vehicles. These passenger-type vehicles are available through OFMS for permanent or individual assignment to a state employee. The Centralized Fleet does not provide non-passenger-type vehicles.

In 1973, the Central Garage Car Pool Committee authorized Virginia Polytechnic Institute and State University and the University of Virginia to operate its own fleet independently of the Centralized Fleet, which was under Transportation at that time. Chapter 847 of the 2007 Virginia Acts of Assembly section 4-5.04c.2 provides an exemption for all institutions of higher education from obtaining approval for all vehicle purchases. The Centralized Fleet Administrator is responsible for monitoring all college and university fleet operations.

Prior Fleet Reviews

Review of the State's Passenger Vehicle Fleet

In 2004, the Joint Legislative Audit and Review Commission (JLARC) issued a report on Fleet Management entitled "Review of the State's Passenger Vehicle Fleet." House Joint Resolution 518, approved by the 2003 session of the General Assembly, directed JLARC to study the management of the Commonwealth's centralized fleet and the use of state-owned passenger vehicles. The resolution specifically directed JLARC to focus its review on vehicle use, personal mileage reimbursement, and the adequacy of the fleet composition and its management. The resolution also directed JLARC to examine alternatives to current fleet operations, including the outsourcing of vehicle maintenance, leasing fleet vehicles instead of purchasing them, and using public transportation vouchers as an alternative to fleet vehicle use or personal mileage reimbursement.

Statewide Review of Agency-Owned Vehicles

In 2004, the Auditor of Public Accounts issued a report on Fleet Management entitled “Statewide Review of Agency-owned Vehicles.” This review focused on the acquisition, assignment, use, and maintenance of vehicles owned or leased by the Commonwealth for fiscal years 2001 through 2003 for compliance with the Governor’s *Executive Order 20*, the Code of Virginia, OFMS rules and regulations, and Division of Purchase and Supply’s procurement rules and regulations. This review did not focus on the Centralized Fleet Management within General Services so as not to duplicate work performed in the JLARC review discussed above.

OFMS has made some progress related to the recommendations from these two reports during the last three years. However, they did not take action on the majority of the findings in these reports. We will provide the individual review recommendations from both reports and the status by functional area in the section entitled “OFMS Operations – Past, Present, and Future.”

GOVERNING GUIDANCE

Executive Order 89 and OFMS’ actions drive the Commonwealth’s current fleet environment. Below we describe the impact of *Executive Order 89*, the status of OFMS’ implementation of *Executive Order 89*, and OFMS’ organizational challenges since the JLARC and Auditor of Public Accounts reviews in 2004.

Executive Orders

There are two Executive Orders issued by Governor Warner that affect Fleet Management. They are *Executive Order 20* and *Executive Order 89*.

Executive Order 20 issued in 2002 provided agencies and institutions with additional guidance on the purchase, assignment, and use of state-owned passenger-type vehicles. The Code of Virginia allows the Governor to extend the regulations set out in the Code of Virginia to motor vehicles other than those in the Centralized Fleet, to the extent he deems necessary. However, *Executive Order 20* did not extend the regulations to all motor vehicles; it only set out specific policies relating to all state-owned passenger-type vehicles. As a result, there were no regulations, policies, or procedures governing state-owned non-passenger-type vehicles.

In 2005, the Governor issued *Executive Order 89* as a direct result of the 2004 JLARC and Auditor of Public Accounts recommendations. *Executive Order 89*, which replaced *Executive Order 20*, established new policies and procedures for the purchase, maintenance, assignment, and use of vehicles. *Executive Order 89* extended the Centralized Fleet policies and procedures to all vehicles owned by the Commonwealth. The Executive Order outlines five specific policies relating to all vehicles owned by the Commonwealth.

1. The authority of the Director of General Services under the Code of Virginia to promulgate governing the centralized fleet extends to all vehicles owned by the Commonwealth. The Director of General Services shall develop a consistent, efficient, and cost effective fleet management program for all vehicles owned by the Commonwealth that considers each agency and institution’s needs and usage. All vehicles in the central fleet as well as those directly purchased and maintained by agencies and institutions will operate in accordance with policies and procedures that comply with the Code of Virginia, *Executive Order 89*, and General Services’ Rules and Regulations. General Services shall prepare and submit a state of the fleet report to the Governor and General Assembly by October 1 of each fiscal year.

2. The head of each agency and institution shall limit the authorization of commuting in vehicles to those employees whose job duties meet the requirements set in the Code of Virginia as well as policies and procedures established by *Executive Order 89*. The Director of General Services shall develop and publish uniform regulations for this purpose. Use of state-owned vehicles for commuting shall be authorized only when it is the most cost-effective or practical alternative, or as an employee's job duties affecting public health, safety, and emergency response may require.
3. No appointee serving at the pleasure of the Governor shall use a state-owned vehicle for commuting except for travel between home and office when connected to a departure for, or return from, a trip on official state business. Exceptions to this policy include the Secretary of Public Safety, the Superintendent of State Police, and other appointees that the Secretary of Public Safety determines are necessary to respond to job-related emergencies.
4. The head of every agency or institution is directly responsible for ensuring compliance with *Executive Order 89* and all applicable statutes and regulations governing the purchase, assignment, use, and maintenance of state-owned vehicles, including the requirement that vehicle use will only be for official business. The Director of General Services shall develop policies and procedures providing criteria for agencies and institutions to apply when making a decision regarding the assignment of a state-vehicle from the centralized fleet or purchase of an agency vehicle. Annually, agencies and institutions shall report to General Services on their use of assigned and owned vehicles in accordance with those policies and procedures. Each agency and institution head must ensure that they give "due consideration" to reimbursing employees for mileage in their personal vehicles in lieu of use of state-owned vehicles, and shall assist the Director of General Services in eliminating the use of state-owned vehicles where such use does not advance the goals of efficient and economical operation of state government.
5. The Commissioner of Motor Vehicles must review the use of blind tags on state-owned vehicles, and restrict such use to law enforcement vehicles and to other vehicles regularly used in the course of official business that the effective performance of which makes blind tags essential. The Commissioner of Motor Vehicles, in consultation with General Services, shall develop policies and procedures for registration, transfer, and disposal of state-owned vehicles.

We determined OFMS and state agencies and institutions did not properly address several items required by *Executive Order 89*.

- OFMS has not developed a business plan on how to manage the Commonwealth's fleet. A business plan would allow OFMS to develop a consistent, efficient, and cost effective fleet management program for all vehicles owned by the Commonwealth that considers each agency and institution's needs and usage.
See section entitled "Background - Business Plan" for further discussion and Recommendation #1 related to this issue.
- OFMS did not develop uniform policies and procedures for the Commonwealth's vehicles. This includes uniform regulations for commuting in state vehicles. In addition, OFMS did not develop policies and procedures providing criteria for

agencies and institutions to apply when making a decision regarding assignment of a state vehicle from centralized fleet or purchase of an agency vehicle.

See section entitled “OFMS Operations – Past, Present and Future,” subsection “General” for additional discussion and Recommendation #2 related to this issue.

- OFMS’ annual State of the Fleet Report does not present accurate information regarding the Commonwealth’s fleet. Agencies and institutions must send information to OFMS annually on their use of assigned and owned vehicles. Only half of the agencies and institutions responded to OFMS’ request for vehicle use information in 2006 and the data received from those agencies was incomplete.

Agencies do not provide accurate or complete data because they do not have systems that track the vehicle usage and maintenance data required for the report. Therefore, agencies have to compile this data manually if they send it to OFMS at all. The State of the Fleet Report does not provide an accurate account of the Commonwealth’s vehicle usage if the data compiled is not accurate or is not all-inclusive. Agencies could provide more accurate and complete data by using the Vehicle Management Control Center’s (VMCC) FASTER system to track and manage their fleet. FASTER is a full asset life cycle fleet management system.

See section entitled “OFMS Operations – Past, Present and Future,” subsection “Vehicle Maintenance and Care” for additional discussion and Recommendation #14 related to this issue.

Business Plan

A business plan is a document that summarizes the business’ objectives and contains detailed plans and budgets showing how the entity will realize these objectives. The business plan should help a business look ahead, allocate resources, focus on key points, and prepare for problems and opportunities. OFMS does not have a business plan outlining their goals for the future.

Not having a business plan has hindered OFMS from moving forward in establishing a well-managed, cost effective fleet. To date OFMS has implemented various things such as VMCC, FASTER, and Enterprise Rent-A-Car. However, these implementations are not part of an overall plan to get OFMS to any specific goal or on any specific timeline. With a business plan, OFMS would have goals and a timeline for implementation of the components that they need to get the Commonwealth’s fleet where it can be the most cost effective.

In 2004, General Services hired a new Centralized Fleet Administrator for OFMS, who resigned in early 2007. This Fleet Administrator did not prepare a business plan. Although he implemented several initiatives during his time with OFMS, the coordination of all the fleet processes and implementations were not well organized. The lack of a coordinated and focused effort has slowed OFMS’ progress in establishing a well-managed, cost effective fleet.

General Services hired a new Centralized Fleet Administrator in July 2007. General Services’ management anticipates the new Centralized Fleet Administrator will help OFMS move forward, once he becomes familiar with all the issues.

In March 2007, OFMS contracted with Mercury Associates to provide consulting services for OFMS. These consulting services include the following:

- Developing a business plan for OFMS;
- Analyzing their financial and operational components;
- Analyzing current services offered at OFMS;
- Identifying and preparing an implementation plan for new services that will be beneficial to the Commonwealth;
- Considering alternative methods of funding replacement vehicles;
- Performing a comprehensive review and development of OFMS and statewide policies and procedures regarding fleet management;
- Analyzing feasibility, economic, and operational benefits and constraints of an enterprise fuel management program;
- Performing a review of the OFMS financial model;
- Developing a comprehensive training program for operators of state-owned vehicles; and
- Developing a comprehensive statewide fleet safety and driver training program.

Recommendation # 1: *OFMS should continue to work with the consultant to develop a business plan outlining their goals for the future. The plan should summarize the objectives of OFMS and contain detailed plans and budgets showing how the entity will realize these objectives. The business plan should help OFMS look ahead, allocate resources, focus on key points, and prepare for problems and opportunities. The plan should contain a timeline for implementation of key initiatives. Once they have a business plan, OFMS should work toward meeting the goals set out in the plan.*

OFMS OPERATIONS – PAST, PRESENT, AND FUTURE

Throughout this section of the report, we will provide insight into the best practices, past recommendations, current policies, procedures and operations, and future plans by functional area.

While no authoritative body sets standards for fleet management, we did find consistent policies and procedures when looking for industry standards. We reviewed policies and procedures for fleet management from other state and institutional websites including California, Florida, Indiana, Iowa, Minnesota, Missouri, North Carolina, Oklahoma, South Carolina, Utah, Wisconsin, Nova Scotia, United States Department of Energy, and United States General Services Administration Guide to Federal Fleet Management. We refer to these consistent policies and procedures as best practices throughout this report.

We determined that the majority of OFMS’ policies and procedures regarding fleet management were reasonable in comparison to industry standards outlined in this report. However, we included recommendations below for the few areas where OFMS’ policies and procedures needed addressing to meet industry standards.

During our review, we determined that OFMS has made some progress during the last three years in addressing the findings noted in the JLARC report entitled “Review of the State’s Passenger Vehicle Fleet” and the findings noted in the Auditor of Public Accounts report entitled “Statewide Review of Agency-owned Vehicles.” However, they did not take action on the majority of the findings in these reports. Below is a status of each report’s findings by functional area.

Below we discuss ideas and plans from OFMS personnel for the future. These ideas and plans may or may not fit into the contracted business plan described above. The consultant will need to determine whether these ideas are feasible, economic, and provide operational benefits for the future of OFMS when developing the business plan.

General

Fleet Management Best Practices:

- State agencies independently manage their vehicles in accordance with state statutes and state vehicle policies.
- The agency responsible for fleet management issues the state vehicle policies. They put out general guidelines for everyone to follow; however; agencies may adopt guidelines that are over and above the state vehicle policies.
- There are normally two types of vehicles: permanently assigned and pool vehicles.

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- The Governor and General Assembly may wish to consider amending *Executive Order 20* or the Code of Virginia to create rules and regulations addressing the purchase, use, assignment, commuting, and maintenance of non-passenger vehicles.
- The Governor and General Assembly may wish to consider amending *Executive Order 20* or the Code of Virginia to require agencies to develop internal policies and procedures for passenger and non-passenger-type vehicles that comply with the Code of Virginia and *Executive Order 20*, but that consider the specific needs of the agency.
- OFMS should consider creating agency logos or some other visual means to identify state vehicles for display on Centralized Fleet and agency-owned vehicles and requiring display of the logo on state-owned vehicles, with exceptions for law enforcement and specialized vehicles. OFMS should consider implementing a pilot project on Centralized Fleet vehicles to determine the cost effectiveness of this recommendation before implementing it statewide.
- General Services should monitor use of the statewide VOYAGER contract through its newly implemented contract modifications. Accounts should develop policies and procedures for agencies to monitor the use of VOYAGER credit cards.

Current Policies, Procedures, and Operations

The Director of General Services has delegated the responsibilities for implementing approved policies and procedures to the Centralized Fleet Administrator. OFMS has policies and procedures for the purchase, use, storage, maintenance and repair, and disposal of all vehicles within the centralized fleet. *Executive Order 89* extended these policies and procedures to all state-owned vehicles. OFMS has not updated these policies and procedures completely since the issuance of our report in 2004.

OFMS updated the policies and procedures by replacing the “passenger-type vehicle” wording with the word “vehicle.” The policies and procedures still focus on the passenger-type vehicles and do not specifically address the unique use of non-passenger vehicles. All vehicles in the centralized fleet as well as those purchased and maintained by agencies and institutions should operate in accordance with policies and procedures that comply with the Code of Virginia, *Executive Order 89*, and OFMS’ policies and procedures. In 2003, non-passenger type vehicles were almost half of the state-owned vehicles. Therefore, there are still no rules and regulations governing a large portion of the state-owned vehicles.

Recommendation # 2: *OFMS should review and revise their current policies and procedures and update them to include non-passenger vehicles. These policies and procedures should also include the following.*

- 1) Uniform regulations for limiting authorization of commuting in vehicles to those employees whose job duties meet the requirements set forth in the Code of Virginia.*
- 2) Criteria agencies and institutions can apply when making a decision regarding assignment of a state vehicle from centralized fleet or purchase of an agency vehicle.*

OFMS should distribute the revised policies to all agencies to ensure that the agencies know they must follow them for their agency-owned vehicles.

Individual agency heads are responsible for monitoring and enforcing, within their agency, all OFMS policies and procedures governing the assignment, use, maintenance, and repair of OFMS vehicles. The agency transportation officer is responsible for carrying out the duties and responsibilities assigned by their agency head to comply with General Services’ policies and procedures regarding the management and operation of state-owned vehicles. However, these individuals do not always know what their responsibilities entail because OFMS has not updated their policies and procedures. Without statewide updated policies and procedures from OFMS that address all vehicle types and usage, agency transportation officers and agency heads do not have adequate guidance to enable them to develop their own policies and procedures to govern their fleet in accordance with state policies.

Recommendation # 3: *OFMS should update the OFMS policies and procedures to provide proper guidance for monitoring centralized fleet and agency-owned vehicles at the agencies. These policies and procedures should emphasize and communicate the fact that OFMS extended these policies to all state-owned vehicles, not just those in the centralized fleet or passenger vehicles.*

OFMS placed “How’s My Driving?” decals on all Centralized Fleet vehicles. These decals provided a phone number for individuals to call if they wanted to lodge a complaint about the vehicle’s driver.

Centralized Fleet received the complaints and sent them to the responsible agency to investigate. The agency completed the investigation and took any disciplinary action deemed necessary. However, since the central fleet has dissolved and moved the activity to Enterprise, this program is no longer in place.

OFMS has not extended this program to all state vehicles because they do not feel it is cost beneficial to the Commonwealth. The costs of printing the bumper stickers and hiring a full time person to staff the phone are prohibitive and outweigh the benefits.

In 2006, DGS contracted with Mansfield for the VOYAGER fuel card. This contract allows all state agencies to purchase fuel from commercial vendors using the VOYAGER card for an indexed price. Mansfield based the price on the daily wholesale price for the region in which the driver purchases the fuel plus a management fee. This strategy enables the Commonwealth to obtain a fixed cost for the portion of the fuel price above wholesale, insulating the Commonwealth from artificial price spikes and potential price gouging.

OFMS monitors the use of the VOYAGER card for Centralized Fleet vehicles to ensure that drivers are not making improper purchases. Other state agencies that use the Mansfield contract are responsible for monitoring the use of the VOYAGER card at their agency. There are still no policies and procedures for monitoring the VOYAGER card or that require agencies to monitor the use of the VOYAGER card.

Recommendation # 4: *General Services should work with Accounts to develop policies and procedures for agencies to monitor the use of VOYAGER credit cards. These policies and procedures should at least provide guidance on how often to monitor the card usage and what items are reasonable for individuals to purchase. These policies and procedures should mirror the current policies and procedures in place for the Small Purchase Charge Card Program.*

OFMS bills individuals responsible for accidents involving damages to fleet vehicles. OFMS continually has bills that are over 90 days old. Most of these receivables are for collections relating to vehicle accidents where the other party was supposed to pay OFMS for damages. The General Services' fiscal office currently handles collections, but they are in the process of transferring this responsibility to OFMS. However, General Services has not sent these bills to the Comptroller so that they can take appropriate action to try to collect these funds through the Debt-Set Off program.

Recommendation # 5: *OFMS should follow proper collection procedures for accident damages to fleet vehicles to include submission to the Comptroller.*

Vehicle Purchases

Fleet Management Best Practices:

- Agencies initiate the purchase of fleet vehicles, but the agency responsible for fleet management must approve the purchases. These purchases have to be in accordance with state guidelines.
- Agencies should replace vehicles once they have between 85,000 to 135,000 miles.

Prior Recommended Actions from the Review of the State's Passenger Vehicle Fleet

- OFMS should strengthen its review of agency vehicle purchase requests and supply sport utility vehicles through the centralized fleet.
 - OFMS should perform a closer review of vehicle purchase requests to reduce the number of underused vehicles or limit the procurement of vehicles to more economical models.
 - OFMS should provide sport utility vehicles, and OFMS should develop a consistent methodology for determining when to purchase a sport utility vehicle over a sedan or minivan. OFMS should develop rental rates for sport utility vehicles.
- General Services should base vehicle purchases on the full cost of purchasing and operating the vehicle. General Services procures vehicles based on the lowest purchase price. However, General Services does not examine which vehicle would be cheapest to own and operate.

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- The General Assembly should consider amending the Code of Virginia and the Appropriation Act to give the Centralized Fleet Administrator the authority to delegate the approval of vehicle purchases.

Current Policies, Procedures, and Operations

OFMS typically purchases fleet vehicles annually. OFMS uses the FASTER system to identify permanently assigned vehicles in need of replacement. These vehicles exceed 110,000 miles. OFMS also reviews the approved requests for additional permanent assignments to determine additional vehicles to purchase. OFMS then takes the resulting list of vehicles and purchases them using the state contract. Upon delivery to Centralized Fleet, OFMS assigns credit cards and license tags to the vehicle and processes the vehicle through the maintenance shop. Once OFMS completes this process, the car is available for deployment. This whole process typically takes 18 months. This is an unreasonably long time to purchase vehicles. It does not allow OFMS time to meet immediate needs. OFMS has recognized this problem and has plans to improve this process in the future, which we discuss below in the section "OFMS Future Plans."

The Governor and the General Assembly did not amend the Code of Virginia and the Appropriation Act to give the Centralized Fleet Administrator the authority to delegate the approval of vehicle purchases. Agencies continue to purchase a variety of vehicles that OFMS does not supply. The individual agency purchases, receives, and processes these vehicles. The Centralized Fleet Administrator continues to review and approve CP-15 vehicle purchase approval forms for purchase of state-owned vehicles.

The purchasing information contained on the CP-15 form does not have detailed information for the Centralized Fleet Administrator to know how the agency is going to use the vehicle. Once the Centralized Fleet Administrator approves the form, the agency purchases the vehicle and the dealer delivers it to the agency. The only time the vehicle comes to Centralized Fleet is if there is specialized equipment to install after the purchase. Therefore, the Centralized Fleet Administrator cannot be certain what type of vehicle the agency actually purchased.

OFMS still needs to strengthen its review of agency vehicle purchase requests. OFMS could expand the CP-15 vehicle purchase approval form to include more detailed information about the vehicle and its justification. OFMS could also consider having the Centralized Fleet Administrator become part of the approval process in the Commonwealth's e-procurement system, eVA, for all vehicle purchases. This would help ensure agencies purchase the vehicle originally approved.

Recommendation # 6: *OFMS should develop and implement a process to perform a more in-depth review of agency vehicle purchase requests. A closer review could reduce the purchase of unnecessary vehicles and limit the procurement of vehicles to more economical models.*

Recommendation # 7: *OFMS should document its current policy regarding purchase of vehicles. These policies and procedures should include replacement guidelines for purchasing vehicles, the approval process for purchasing vehicles, and the allowable types of vehicle purchases. Allowing these policies to remain undocumented could result in improper vehicle purchases.*

During fiscal year 2006, OFMS established a rental rate for sport utility vehicles based on capital and operating costs and started purchasing sport utility vehicles for the centralized fleet.

General Services currently procures vehicles using a competitive process. They base the procurement on the lowest purchase prices offered by motor vehicle dealers. They do not examine which vehicle would be the cheapest to own and operate as recommended in the JLARC report.

Recommendation # 8: *As stated in the JLARC report from 2004, OFMS should base vehicle purchases on the full costs of the vehicles. General Services and OFMS should work together to improve the selection of fleet vehicle contracts. General Services should base these contracts on the lowest estimated vehicle lifecycle costs. Having accurate data in FASTER will aid in this process, providing better information on which to make decisions.*

OFMS Future Plans

OFMS plans to evaluate vehicle needs every other month and place orders for those needs. This will address all of the processing backlogs that they currently have and allow OFMS to meet requests much faster. Instead of waiting 18 months for a vehicle, the wait should be less than 90 days. In those cases where they can make long-range forecasts, OFMS will place large orders for one type of car and set up split deliveries of a specified number of vehicles per month until the delivery is completed.

OFMS plans to maximize the use of the Apple Ford contract where program cars are most cost effective. Program cars have delivery times measured in weeks rather than months and they have a lower acquisition cost. This will allow OFMS to buy more cars, which should reduce the age of the state-owned vehicles. Reducing the age of the vehicles will reduce maintenance costs.

When manufacturers deliver vehicles to a new car dealer, the dealer puts them through what OFMS refers to as the "dealer prep" or what the manufacturer refers to as pre-delivery inspection. Currently, the

processing at OFMS of new vehicles includes a substantial portion of what constitutes a pre-delivery inspection. By working with the manufacturers, OFMS hopes to set up contracts for OFMS to receive shipments directly from the manufacturers. This would ease the workload on the dealers as they could simply have all vehicles shipped to OFMS. OFMS could perform the pre-delivery inspection and receive the pre-delivery inspection money from the manufacturers. Currently, the initial processing at OFMS is simply an overhead expense.

Now that OFMS is using Enterprise Rent-A-Car for vehicles that would typically belong in the central pool at OFMS, OFMS will work towards permanently assigning all centralized fleet vehicles to state agencies and institutions. Permanently assigned vehicles will be vehicles that are less than 14,000 pounds gross vehicle weight and will not require highly customized fittings such as maintenance trucks, which have a special body built on a pick up chassis.

OFMS will work towards a goal of reducing the vehicle replacement mileage from 110,000 miles to 100,000 miles. The longer the Commonwealth keeps a vehicle in service the greater the maintenance cost. There is also a greater likelihood of a breakdown and lower residual value.

OFMS will create a plan to right size the fleet. Right sizing consists of not only the right numbers of vehicles, but also placing the right types of vehicles in the right agencies. Expanding OFMS' operations to include all types of vehicles will go a long way towards reaching this goal; however, OFMS will need to have detailed justification requirements for each type of vehicle larger than a compact.

Vehicle Assignment and Utilization

Fleet Management Best Practices

- Agencies must maintain usage records and review usage periodically to determine underused vehicles. After identifying underused vehicles, agencies must take action to reassign them to higher use areas, dispose of them, or justify the continued need for the vehicles. A governing body must approve all requests to retain underused vehicles.
- Agencies should use vehicles a minimum of 12,600 miles to 16,000 miles a year to meet usage requirements.

Prior Recommended Actions from the Review of the State's Passenger Vehicle Fleet

- OFMS could improve the oversight of centralized vehicle fleet by adequately identifying employees that have excessive personal mileage reimbursement indicating a need for an assigned fleet vehicle.
- OFMS should improve its enforcement of fleet vehicle utilization criteria by adhering to the prescribed thresholds to the extent feasible and recalling vehicles that are consistently underutilized.

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- The Centralized Fleet Administrator should emphasize to agencies that the assignment criteria apply to all passenger-type vehicles as required by *Executive Order 20*.

Current Policies, Procedures, and Operations

Assignment rules and restrictions are set forth in the Code of Virginia. *Executive Order 89* replaces *Executive Order 20* and extends these rules and restrictions to all state-owned vehicles.

Agencies can assign vehicles to individuals performing state duties with the approval of the Centralized Fleet Administrator. Assignments should last no longer than two years. The Director of General Services reviews long-term assignments lasting longer than two years. The Director evaluates new assignments and monitors existing assignments every three months. He approves assignments on the following basis.

- The vehicle is to be driven not less than the annual business mileage (total miles minus commute miles), which is determined in Section 2.2-1178 of the Code of Virginia.
- The vehicle is for a law enforcement officer as defined in Section 9-169 of the Code of Virginia.
- The vehicle is for an employee whose job duties require the constant use or continuous availability of specialized equipment necessary to perform the agency's mission or function.
- The vehicle is for an employee, on 24-hour call, who must respond to emergencies on a regular or continuing basis where the emergency response is normally to a location other than the employee's official work station.
- The vehicle is for an employee who uses the vehicle for essential travel related to the transportation of clients or wards of the Commonwealth on a routine basis, or for essential administrative functions of the agency for which the use of a temporary assignment or personal mileage reimbursement is neither feasible nor economical.

Once OFMS assigns a vehicle to an individual, there has to be a method to evaluate the use of the vehicle. The Code of Virginia Section 2.2-1178 sets the minimum mileage criteria and other conditions for the assignment of vehicles. If agencies cannot demonstrate compliance with mileage or other conditions when requesting a vehicle, OFMS will deny assignment. If agencies do not meet the mileage or other conditions after assignment, then OFMS will recall the vehicle.

There are exemptions to the minimum mileage specified for assignment and retention of a vehicle. Vehicles that meet any of the other assignment criteria above are exempt from the minimum mileage criteria.

Since OFMS has not updated its policies and procedures to address all passenger and non-passenger vehicles or made it clear that the policies apply to all central fleet and agency-owned vehicles, agencies may still not be aware that the assignment criteria in *Executive Order 89* apply to agency-owned vehicles.

Recommendation # 9: *When OFMS updates its policies and procedures, they should ensure that the policies are clear that the assignment criteria apply to all state-owned vehicles, not just central fleet.*

In April of 2006, OFMS entered into a contract with Enterprise Rent-A-Car to provide a rental vehicle service that addressed the daily needs of the Commonwealth's employees. The contract required the vendor to have a statewide presence and several classes of vehicles available. OFMS collaborated with the Accounts to use this contract as a mechanism for change in how state employees travel.

In October 2006, OFMS and Accounts updated the travel guidelines in the Commonwealth Accounting Policies and Procedures Manual to reflect the new contract with Enterprise Rent-A-Car; however, the OFMS policies and procedures do not reflect this new contract. These new travel guidelines include a trip calculator that all state employees must use when they are going to be traveling more than 100 miles per day. This trip calculator is located on the OFMS website. The employee enters the number of days they will be on travel and the number of miles they will be traveling and the trip calculator tells the employee whether it would be cheaper for the employee to drive their personal vehicle or to get a vehicle using the Enterprise-Rent-A-Car contract. The employee has to print the results from the trip calculator and attach it to their travel voucher for reimbursement. This is a good method to ensure that it is cost beneficial to reimburse an employee for the use of their vehicle versus the use of state-owned vehicles.

However, when implementing this contract, OFMS did not consider the impact of lost time and funds to agencies. State employees must pick up and return day use vehicles the same day between the hours of 8:00am and 5:00 pm at most locations. This scheduling restriction does not allow for longer day trips that must begin prior to or end after a regular business day does. As a result, agencies have to reserve a vehicle for more than the required days, thus incurring additional cost, to allow the time necessary for a trip. However, this contract has not been in place long enough to evaluate its effectiveness. The Auditor of Public Accounts plans to review the cost-benefits of the contract in 2008.

Recommendation # 10: *OFMS should incorporate or refer to the updated travel guidelines in their OFMS policies and procedures manual, thus, ensuring that agencies know the proper procedures for renting a vehicle from Enterprise Rent-A-Car.*

Vehicle Use

Fleet Management Best Practices:

- Agencies should restrict use of state equipment to official state business only.
- Hitchhikers, family members (unless authorized), and pets (unless they are service animals) are not allowed to travel in state vehicles.
- To be eligible to drive a fleet vehicle, an individual must be a state employee, a student in a state university, or an authorized agent of the state that possesses a valid driver's license.

- Drivers should not be under the influence of alcohol or drugs when driving a state vehicle.
- Drivers must obey traffic laws when driving a state vehicle including seat belt laws. Tickets issued are the driver's responsibility.
- There are certain places that are acceptable to drive to in a state car as long as you are on travel (i.e. restaurants, grocery stores, medical facilities, etc).

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- Agencies should develop a mechanism to guarantee individuals authorized to drive any state-owned vehicle possess a valid operator's license. All state agencies with long-term vehicle assignments should use the voluntary, automated driving record program offered free to public organizations through the Department of Motor Vehicles.

Current Policies, Procedures, and Operations

Agencies and institutions are required to use vehicles only for official state business. Spouses of state employees can ride in a state vehicle only when accompanying the employee on official state business. An agency may permit students, part-time or hourly employees, and volunteers to state service, to operate or ride in fleet vehicles if on official business for the agency. Individuals not employed by the state may accompany state employees operating fleet vehicles when they have an interest in the purpose of the trip and the state employee needs their presence for official state business. Non-state employees can operate a fleet vehicle if they are performing a contracted function for the state and if such contract specifies that the state will provide a vehicle. Hitchhikers cannot ride in any fleet vehicle.

Agencies are responsible for ensuring that all vehicle operators hold a valid driver's license prior to authorizing the use of a fleet vehicle. All moving violations and fines are the responsibility of the assigned driver at the time of the violation. Abuse of motor vehicle laws by an operator may result in the loss of the privilege of a fleet vehicle. Under no circumstances may a state employee operate a vehicle while under the influence of intoxicating beverages, drugs, or other substances. Conviction of such offenses will result in the loss of the privilege of a fleet vehicle.

When authorized by the agency, employees may use personal automobiles in the discharge of official duties within the United States with reimbursement at the rate prescribed by the Appropriation Act. Agencies should monitor, on an annual basis, the personal mileage reimbursement paid to each employee.

OFMS policies and procedures do not address allowable places state employees can drive state vehicles when on travel.

Recommendation # 11: *OFMS should develop a policy stating allowable places state employees can drive state vehicles when on travel. Acceptable locations may include drug stores, hospitals, restaurants, etc. This will help ensure that state employees are not abusing the use of the state vehicle while on travel.*

Commuting

Fleet Management Best Practices:

- Agencies require detailed trip records for fleet vehicles.
- Employees can commute in state vehicles only when in compliance with specific guidelines, and the driver must reimburse associated costs to the state.

Prior Recommended Actions from the Review of the State's Passenger Vehicle Fleet

- OFMS could improve the oversight of the centralized vehicle fleet by adequately supervising commuting fees and ensuring that employees pay the appropriate rate for all classes of vehicles.

Current Policies, Procedures, and Operations

The Code of Virginia states that state employees may not use fleet vehicles for commuting unless such use is required with respect to the duties of the employee and approved by the appropriate Cabinet Secretary, agency head, and the Central Fleet Administrator. *Executive Order 89* extended these requirements to all state-owned vehicles.

Agencies are to submit requests for the use of a fleet vehicle for commuting to the Centralized Fleet Administrator. All employees authorized to use a fleet vehicle for commuting shall reimburse the state for mileage unless they are law enforcement officers or employees who do not report to an official workstation and whose office is in their home.

The following are the types of home-to-office travel, which do not require a request for approval to commute.

- Employees who only travel between home and office when in "travel status" as defined in the "state travel regulations."
- Employees limiting travel between home and office on the evening preceding a trip or in the morning following a trip.

The Centralized Fleet Administrator collects and maintains information on the use of fleet vehicles for commuting. Each agency is to submit annually to the Centralized Fleet Administrator a listing of all fleet vehicles used for commuting, including the name of the principal operator and the operator's drivers license number, the annual commuter miles, and the commuter fee. The Centralized Fleet Administrator verifies on an annual basis, through information provided by Accounts, that employees are reimbursing the state for the appropriate commuter charges. The Fleet Administrator will bring any discrepancies between the initial fee determination and the actual reimbursement to the attention of the appropriate agency head for reconciliation.

We did not address JLARC's recommendations regarding commuting fees because they were not in the scope of this audit.

Accidents

Fleet Management Best Practices:

- Drivers must report motor vehicle accidents involving state vehicles to the agency responsible for fleet management as well as the insurance company as soon as possible.
- The state's insurance covers drivers of state vehicles.
- The majority of states offer roadside assistance. They offer either division or private roadside assistance.

Prior Recommended Actions from the Review of the State's Passenger Vehicle Fleet

- OFMS could improve the oversight of centralized vehicle fleet by providing adequate training and safety information to vehicle operators.

Current Policies, Procedures, and Operations

Drivers of OFMS assigned vehicles involved in an accident must contact the Vehicle Management Control Center (VMCC) to report the accident. A State Police officer must investigate all accidents involving a fleet vehicle, regardless of the amount of damage. The driver is responsible for completing an Automobile Loss Notice form on any crash regardless of the amount of property damage or personal injury.

OFMS has established a Uniform Accident Prevention committee that reviews, evaluates, and classifies all accidents involving fleet vehicles. State Police chairs this committee, which is comprised of representatives from twelve state agencies.

OFMS Future Plans

To date, OFMS has done nothing to improve training and safety information provided to vehicle operators. OFMS' driver safety program currently only involves the Uniform Accident Prevention Committee. In the future, OFMS will consider establishing a cost effective driver-monitoring program. This program could notify OFMS automatically when a driver receives a conviction for a driving violation. This would relate to convictions for personal or state-owned vehicles. OFMS has asked the Attorney General's Office to come up with the standards for acceptable driving records.

In addition, OFMS would like to create a web based driver-monitoring program such as alert driving. OFMS would upload their policies and procedures onto the website. Anyone driving a state vehicle would be required to go to the website, review the policies, and take a test given on the website. They would have to pass the test and have a good driving record in order to drive a state vehicle. Motor Vehicles would run the driving records and upload them onto the website so that OFMS and agency transportation officers could check them. The implementation of this type of program could reduce the Commonwealth's liabilities by ensuring that only responsible drivers with clean driving records are operating state vehicles. It is less likely that these individuals will be involved in accidents or abuse the vehicles.

Recommendation # 12: *OFMS should expand upon their current driver safety program to ensure that driver's of state vehicles understand the OFMS policies and procedures and, therefore, drive state vehicles responsibly. They should research driver-monitoring programs available to the Commonwealth and determine which program would provide the most benefit to the Commonwealth. OFMS should then implement the driver-monitoring program with the most benefit. Having these programs in place will result in drivers that are more responsible and less liability for the Commonwealth.*

Vehicle Maintenance and Care

Fleet Management Best Practices:

- The agency responsible for fleet management will pay for washing a state vehicle at least once a month. Costs cannot exceed the allowable costs and the fleet management agency will bill each agency separately.
- Agencies should fuel fleet vehicles using the state's fuel card at approved merchants. Agencies can use the fuel card to purchase fuel, regular unleaded or alternative fuels, and oil.
- Agencies should perform preventive maintenance service on a regular basis (timeframe varies for each state).

Prior Recommended Actions from the Review of the State's Passenger Vehicle Fleet

- General Services should consider outsourcing the maintenance of state-owned vehicles. There are two basic types of services offered by fleet maintenance vendors.
 - The first type uses a maintenance control center to negotiate service prices and coordinate fleet vehicle maintenance with a network of private maintenance shops. The maintenance control center tracks vehicle maintenance services and expenditures, and provides a call center to assist vehicle operators. The Commonwealth already outsources a significant amount of the maintenance on state-owned vehicles. Therefore, the Commonwealth should implement a maintenance control center, either in-house or through use of a private vendor.
 - The second type involves the privatization of existing in-house facilities. The Commonwealth would sell or lease state-owned facilities to a private company and the company would then manage the daily maintenance activities and hire its own mechanics to service the vehicles. The Commonwealth should assess the total cost of maintaining its vehicles in-house and then initiate a competitive bidding process for the service. The Commonwealth may want to initiate a pilot program before attempting to outsource vehicle maintenance statewide.

Current Policies, Procedures, and Operations

The Code of Virginia allows the Centralized Fleet Administrator to issue regulations for vehicle maintenance of all passenger-type vehicles owned by the Commonwealth and assigned to the Centralized Fleet. *Executive Order 89* extended the OFMS policies and procedures for maintenance of vehicles to all vehicles owned by the Commonwealth.

Vehicle maintenance is the responsibility of the agency that owns or has a vehicle from OFMS. Each agency should assign an Agency Transportation Officer to be responsible for monitoring and controlling the routine maintenance and repair of vehicles.

In June 2005, OFMS outsourced the maintenance of Centralized Fleet vehicles by contracting with Techcom, Inc. for the VMCC. The VMCC negotiates service prices and coordinates fleet vehicle maintenance with a network of private maintenance shops. The VMCC uses the FASTER system to track and record Central Fleet vehicle maintenance services and expenses and provides a call center to assist vehicle operators. OFMS can use the information in the FASTER system to make management decisions over the purchase and use of vehicles. The system has the ability to hold this information for all of the Commonwealth's vehicles.

Agencies should contact the VMCC for all servicing, repairs, breakdowns, and accidents related to OFMS assigned vehicles. Agencies should maintain agency-owned vehicles in accordance with agency policies and procedures and vehicle specific preventive maintenance schedules.

Agencies should routinely check their vehicles to ensure proper oil level, water and antifreeze for radiators, water for the battery, wear on belts, and proper inflation of tires. Agencies should wash the exterior of the vehicle, vacuum the interior, and clean the windows as often as needed. Agencies should service the vehicle at least once each 6,000 miles or six months, whichever comes first. Such servicing is to include oil and oil filter change, inspection of the air filter, chassis lubrication, and a visual inspection of the belts, hoses, and tires.

Drivers should obtain fuel for vehicles from the OFMS facility or a Transportation facility unless it is more practical due to location to purchase fuel from a commercial station. Fuel card readers at Transportation and commercial fueling sites collect and report OFMS vehicle mileage to the VMCC. Operators must enter odometer readings into the card readers at all Transportation and commercial self-service fueling sites.

Establishing the contract with Techcom addressed several of JLARC's 2004 report recommendations.

- The use of the FASTER system provides OFMS with accurate vehicle operating cost data for those vehicles on the system. OFMS no longer experiences the technical problems associated with obtaining the maintenance expense data because they do not rely on Transportation's information system to store vehicle maintenance expenses.
- OFMS has implemented new policies and procedures for monitoring the mileage criteria. OFMS uses the FASTER system to monitor the mileage criteria for vehicle assignments. FASTER tracks the mileage for every vehicle. OFMS obtains and reviews an underutilization report from FASTER to ensure that the vehicle operator is meeting the mileage criteria. If vehicles do not meet the mileage criteria, OFMS investigates the possibility of recalling the vehicle. However, OFMS has not documented these policies and procedures.

- OFMS has outsourced the maintenance of state-owned vehicles by using the Vehicle Maintenance Control Center. This could be cost-effective for the Commonwealth, but has not been in place long enough to evaluate.

OFMS Future Plans

OFMS plans to expand the VMCC's use to individual agencies. VMCC would provide vehicle maintenance services through a network of private maintenance shops and capture the vehicle maintenance information in FASTER, including the services performed, the related expenses, and the vehicle mileage. As noted in the section entitled "Individual Agency Recommendations and Status," many agencies do not have a system that currently captures and maintains this type of information. However, agencies need this information to manage a vehicle fleet effectively. In addition, OFMS will be able to capture accurate, consistent, and complete data for the State of the Fleet Report directly from FASTER.

Currently, the concept of using the VMCC and FASTER has spread by agencies and institutions contacting OFMS. Agencies with permanently assigned vehicles have asked about using the system for their vehicles. Some agencies have come to tour OFMS and see the VMCC in action. However, OFMS is just beginning to make VMCC and FASTER available to agencies. As of September 2007, the Department of Environmental Quality, the Science Museum of Virginia, and the Richmond Redevelopment Housing Authority have put their vehicles on OFMS' FASTER and are using the VMCC. OFMS is currently in negotiations with Game and Inland Fisheries to use VMCC and FASTER and with Corrections to use VMCC. Providing this capability would help many agencies meet the recommendations in our 2004 "Statewide Review of Agency-Owned Vehicles" Report.

In addition, to comply with *Executive Order 89's* directive for General Services to "develop a consistent, efficient, and cost effective fleet management program for all vehicles owned by the Commonwealth that considers each agency and institution's needs and usage," OFMS should work towards bringing all agency and institutions' fleets onto FASTER and into the VMCC. This would provide consistent maintenance and management of all vehicles and provide a central repository for all vehicle data. This would be a gradual process focusing on agencies with no current fleet management system and then bringing agencies with fleet management systems over when they are ready to replace their current system. For agencies with fleet management systems, OFMS should consider having agencies develop a process to transfer data from their system to FASTER during the transition period.

Recommendation # 13: *OFMS should work towards bringing all agency and institutions' fleets onto FASTER and into the VMCC. For agencies with fleet management systems, OFMS should consider having agencies develop a process to transfer data from their system to FASTER during the transition period.*

As they work towards bringing additional vehicles on to FASTER and into the VMCC, OFMS will need to develop a plan to accommodate the additional vehicles. This plan should address amending the contract with Techcom to provide the additional staffing to perform the necessary services for the agencies and their vehicles. The plan should also include developing a rate structure to charge the agencies for use of VMCC and FASTER that will properly support the program.

Recommendation # 14: *OFMS should develop a plan to accommodate additional agencies and their vehicles into VMCC and FASTER. This plan should include contract changes with Techcom and development of a rate structure to support the program.*

Currently OFMS' central garage has first right of refusal for all maintenance on pool vehicles in the Richmond Metro area. The garage also commissions, decommissions, and reassigns all pool vehicles. Limited by space and personnel, the shop does not have the ability to process the projected volume.

In the future, OFMS plans to narrow the mission of the central garage to include only vehicle commissions, decommissions, and reassignments for OFMS permanently assigned and agency-owned vehicles. The Enterprise Rent-A-Car contract has resulted in OFMS ending their pool vehicle program. Therefore, the central garage will no longer need to perform maintenance on pool vehicles. Independent vendor locations, original equipment manufacturer repair facilities, and state-owned repair facilities will complete the maintenance for permanently assigned vehicles. This will give OFMS the opportunity to process a larger number of vehicles, allowing them to take care of many of the commissions and decommissions that agencies currently perform.

Vehicle Disposal

Fleet Management Best Practices:

- Agencies should dispose of vehicles when they are no longer cost effective to keep.
- Agencies should dispose of vehicles based on state policies.
- Disposal policies vary with each state.

Current Policies, Procedures, and Operations

Currently when OFMS removes a vehicle from service, the agency returns the vehicle to the OFMS Central Garage. OFMS decommissions the vehicle, removes the tags, obtains the titles, prepares documentation for State Surplus, marks the cars with the sale lot numbers, makes the cars available for public inspection, assists State Surplus with manpower the day of the auction, and deals with the buyers when they return to pick up their cars. State Surplus handles the advertising, provides the auctioneers, provides fiscal personnel to handle the sales transaction, and prepares post sales documentation. The current rate structure for recoveries from vehicle auction sales is set so that OFMS will receive 80 percent of the first \$20,000 of gross sales, 90 percent of the second \$20,000, and 97 percent of the remaining sales amount. This structure results in an average rate of return of almost five percent.

OFMS' policies do not address the disposal of state vehicles even though OFMS follows an adequate process for disposing of vehicles as discussed above.

Recommendation # 15: *OFMS should document its current policy regarding disposal of vehicles in the OFMS policies and procedures manual. Allowing these policies to remain undocumented could result in improper vehicle disposal. These policies and procedures should include who disposes of the vehicle, how they are disposed, and when they are disposed.*

OFMS Future Plans

In February 2007, OFMS awarded contracts to Motley's Auction & Realty, Inc. and Manheim's Harrisonburg Auto for services to conduct sales of surplus vehicles and equipment. Starting in 2007, these contractors will hold surplus vehicle auctions instead of OFMS. In the past OFMS has shutdown the whole office in order to conduct vehicle auctions. Employees have had to show the vehicles, monitor crowds, and prepare titles for transfer. Now the contractor will be responsible for picking up the vehicles from OFMS or state agencies, storing the vehicles until auction day, showing the vehicles, and monitoring the crowds. OFMS will set the minimum sales price and provide the auctioneer with packets containing the titles and other vehicle information. Once the auctioneer sells the vehicles, they will send OFMS a check for the vehicles.

INDIVIDUAL AGENCY RECOMMENDATIONS AND STATUS

We determined that there has been moderate progress on the recommendations that we made in the 2004 "Statewide Review of Agency-Owned Vehicles" report. Overall, some state agencies and institutions have developed policies and procedures for state-owned vehicles and implemented new or revised their current fleet management systems. However, several agencies have not developed policies or implemented a fleet management system. OFMS has implemented a new Vehicle Maintenance Control Center, which operates the FASTER system. All state agencies and institutions can use the FASTER system to track vehicle maintenance. Several agencies are waiting to use FASTER through OFMS instead of purchasing their own fleet management system. However, OFMS has been very slow in making this option available to other agencies, hindering the agencies' progress in satisfying our recommendations.

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- Agencies owning passenger and non-passenger type vehicles should develop and document internal policies and procedures for purchasing, replacing, maintaining, and assigning those vehicles. These policies should include a preventive maintenance schedule and methodology for tracking vehicle maintenance and the related expenses. Agencies should develop a policy that considers their individual and unique needs and operations. In addition, the vehicle assignments should meet the criteria set forth in the Code of Virginia.
- Agencies should develop and implement controls that ensure that the asset management function and the financial reporting function relating to vehicles interact to ensure that the vehicles the agency owns and uses are the same as the vehicles included for financial reporting purposes.

Department of Motor Vehicles

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- Motor Vehicles should develop policies and procedures on how to register a state-owned vehicle. Motor Vehicles should work with General Services and the agencies that use STARS to remove state-owned vehicles from Motor Vehicles databases once sold.

Status

Motor Vehicles has been in the process of reconciling the registered vehicles in its system to those recorded in the Commonwealth's fixed asset system that were in question during the 2004 audit report since issuance of the report. Motor Vehicles does not have statistics on how many of the vehicles in question they removed from the system.

Motor Vehicles and OFMS are working together in a collaborative effort to ensure that Motor Vehicles' records agree with information obtained from the Commonwealth's fixed asset system and the individual agencies systems. This will be a starting point to determine vehicles that agencies have bought or sold that they did not properly add to or remove from Motor Vehicles' system. If the systems are not reconciled, there is a potential for Motor Vehicles to have surplus vehicles on record as owned by the Commonwealth. In addition, there could be vehicle purchases that agencies have not registered with Motor Vehicles. There is also a potential for the Commonwealth's fixed asset system to contain vehicles that the Commonwealth no longer owns thus overstating the assets reported in the Commonwealth's Annual Financial Report.

Recommendation # 16: *Motor Vehicles should continue to work with OFMS to reconcile Motor Vehicles' system to the Commonwealth's fixed asset system and agency systems.*

Motor Vehicles developed new policies and procedures to address how to register a state-owned vehicle and placed them on their website. However, the policies and procedures are difficult to find. Motor Vehicles should improve the accessibility of these policies and procedures on their website and ensure that agencies and institutions are aware of their existence and location.

Recommendation # 17: *Motor Vehicles should improve the accessibility of the policies and procedures to register a state-owned vehicle on their website and ensure that agencies and institutions are aware of the existence and location of these policies.*

Department of Corrections

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- Corrections should develop a replacement policy that can act as a guide in deciding when to replace vehicles to ensure the more efficient use of its resources.

- Corrections should document its policies and procedures for preventive maintenance of vehicles and communicate this policy to employees responsible for vehicles.

Status

Corrections is currently drafting new policies and procedures to address the issues in the 2004 report. However, the draft policies were not available for review, so we could not determine the adequacy of those policies and procedures.

Corrections has implemented a new system for tracking and monitoring fleet management called the Total Maintenance System. This system originally tracked maintenance costs on buildings only at the larger facilities. Corrections has adapted this system from its original function of just tracking maintenance on buildings and equipment to being able to track maintenance on vehicles as well. The Total Maintenance System is in place at all correctional facilities to track vehicle maintenance and related costs. However, Corrections is working with OFMS to use VMCC to provide vehicle maintenance scheduling and the vendors to perform the maintenance.

Corrections performs normal background checks on every employee when they begin employment including verification of valid state driver's license. There is no other periodic check to ensure employees have a valid driver's license. However, Corrections is considering other more cost beneficial options to monitor driving records than using Motor Vehicles automated driving record program due to the large number of employees that drive vehicles. In addition, Corrections has followed up on the Commonwealth's fixed asset system to Motor Vehicles system reconciliation to ensure that the vehicle records included in the Commonwealth's fixed asset system agree with those in Motor Vehicles' system.

Recommendation # 18: *Corrections should continue drafting their policies and procedures for fleet management to reflect the recommendations in the 2004 report. These policies and procedures should include acquisition (purchasing methodology), assignment, use, and maintenance of vehicles. Corrections' updated policies and procedures should include a replacement policy that can act as a guide in deciding when to replace vehicles to ensure more efficient use of its resources. These policies should also include preventive maintenance of vehicles. Corrections should communicate these policies to employees responsible for vehicles.*

Recommendation # 19: *Corrections should determine whether the Total Maintenance System can provide them with the capabilities and information necessary to properly manage and maintain its fleet and provide the information required to OFMS each year for the State of the Fleet Report. If the Total Maintenance system cannot meet their needs, Corrections should work with OFMS to use VMCC's FASTER system.*

Recommendation # 20: *Corrections should develop a mechanism to guarantee individuals authorized to drive any state-owned vehicle possess a valid driver's license. This mechanism should include a periodic review of the operator's license status.*

Department of State Police

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- State Police should evaluate its needs against the ability of its systems to have timely and accurate information entered into it to meet the department's needs.
- State Police should develop an adequate method to record all maintenance information and track expenses by vehicle. State Police should consider implementing an automated maintenance system and monitoring this information centrally.
- State Police should develop and document a methodology for tracking the assignment status of vehicles and the equipment installed in each vehicle to enable the Garage Manager to make informed decisions when assigning vehicles to ensure the most efficient and cost effective distribution and use of its vehicles.

Status

State Police developed a fleet management procedures manual in February 2007 to address the issues in our 2004 report. This manual documents their current processes. However, State Police did not implement or document all changes that we recommended.

For example, State Police did document and improve its vehicle purchasing methodology. However, State Police did not include procedures to ensure they make vehicles assignments on a first-in, first-out basis. State Police still does not have a system that provides an accurate and efficient method to track vehicle assignments and vehicle care and maintenance.

Since 2004, State Police has reviewed the FASTER system to determine if the system would meet its needs for fleet management. They determined that FASTER would not work with their current system, and therefore, would be too costly to implement. State Police has purchased the Oracle B Business Suite, which includes a Fleet component. They have determined that the Fleet component will meet their vehicle maintenance tracking needs. However, State Police does not have a strategically driven information technology plan. State Police implements information technology as funding is available rather than based on priority. State Police has ceased implementation of the Oracle B Business Suite due to a lack of funding. State Police plans to implement the Fleet component after implementing the financial system. Given the cessation of that system implementation and limited funding, it could be years before State Police can implement the Fleet module.

State Police verifies that all employees have a valid driver's license at the time of employment. They also perform an annual check of the employee's driver license status during their term of employment.

State Police reconciles its systems with the Commonwealth's fixed asset system on an annual basis. They provide Motor Vehicles with a spreadsheet of all vehicles that were disposed of throughout the year, and it is up to Motor Vehicles to remove these items from their system. State Police plans to start following up with Motor Vehicles to ensure that these items are being properly removed from the system.

Recommendation # 21: *State Police should continue to update and implement policies and procedures for fleet management to reflect the recommendations in the 2004 report. State Police should develop a strategically driven plan to implement a fleet management system that best fits its needs in the shortest time possible.*

Department of Game and Inland Fisheries

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- Game and Inland Fisheries should document its policies and procedures surrounding the management of vehicles.
- Game and Inland Fisheries should document and ensure compliance of policies and procedures for maintaining its vehicles.

Status

In November 2006, Game and Inland Fisheries developed new policies and procedures for fleet management. These new policies and procedures address assignment, use, maintenance, accidents, compliance with motor vehicle laws, out-of-state travel, parking and storage, transporting firearms, use of personal vehicles, and commuting. These procedures are adequate, addressing all necessary areas and include items that are unique to Game and Inland Fisheries.

Game and Inland Fisheries has not implemented any new fleet management systems because they would like to participate in the VMCC at the Centralized Fleet on a trial basis to determine if it will work for their agency's needs. However, OFMS has not made FASTER available to other agencies yet.

Game and Inland Fisheries checks to ensure that employees have a valid driver's license annually. It is the driver's responsibility to let the agency know if anything changes with their license status during the year. Game and Inland Fisheries has been working on the reconciliation between the Commonwealth's fixed asset system and Motor Vehicles' system since the issuance of the report in 2004.

Recommendation # 22: *Game and Inland Fisheries should continue to work with OFMS to use the FASTER system at the VMCC to manage their fleet of vehicles when OFMS makes it available.*

Recommendation # 23: *Game and Inland Fisheries should continue to ensure that the vehicle records maintained in the Commonwealth's fixed asset system agree with the vehicle records maintained at Motor Vehicles. Continuing these reconciliations on a periodic basis will ensure that Game and Inland Fisheries and Motor Vehicles properly account for state-owned vehicles.*

Department of Mines, Minerals, and Energy

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- Mines, Minerals, and Energy should formalize and document its policies and procedures surrounding vehicles.

Status

Mines, Minerals, and Energy developed new policies and procedures that adequately addressed all the issues in our 2004 report. Mines, Minerals, and Energy has not implemented a new fleet management system. However, they have made changes to their current system to include all parts and equipment used during maintenance of their vehicles. This system provides all information necessary to meet the requirements for data that OFMS reports in the annual State of the Fleet Report and the information necessary for Mines, Minerals, and Energy to manage its fleet.

Mines, Minerals, and Energy uses Motor Vehicles' citizen services to monitor driver's licenses. Mines, Minerals, and Energy has reconciled their fixed asset system to the Commonwealth's fixed asset system and ensured that the two systems agreed.

Department of Conservation and Recreation

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- Conservation and Recreation should document policies and procedures for purchasing, assignment, use, and maintenance of its vehicles.
- Conservation and Recreation should develop maintenance schedules for its vehicles and track maintenance costs for each vehicle.

Status

Conservation and Recreation developed new policies and procedures that adequately addressed all the issues in the 2004 report. They also implemented the Vehicle Management System, which is a new system for tracking vehicle maintenance. The purpose of this system is to centralize agency-owned vehicle information and activities into a database for easy accessibility, to document the life cycle of the vehicle, and to generate required and other managerial reports and analysis. Conservation and Recreation plans to use the Vehicle Management System to document and track vehicle maintenance, mileage, accidents, and other information needed to manage its fleet. Conservation and Recreation uses Motor Vehicles' citizen services to monitor driver's licenses. Conservation and Recreation has been working on the Commonwealth's fixed asset system and Motor Vehicles system reconciliation since the issuance of the report in 2004.

Department of Forestry

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- Forestry should revise their policies and procedures to incorporate other policies for non-passenger vehicles.

Status

Forestry developed new policies and procedures that adequately addressed all the issues in the 2004 report. However, they have not implemented a new fleet management system. Forestry makes copies of new employee's driver's licenses when they begin employment, but they do not follow up on the status of their driver's license throughout employment. Forestry completed an initial reconciliation of the vehicle data in the Commonwealth's fixed asset system and Motor Vehicles' system after the issuance of the report in 2004.

Recommendation # 24: Forestry should work with OFMS to become part of the VMCC's FASTER system at Centralized Fleet.

Recommendation # 25: Forestry should develop a mechanism to guarantee individuals authorized to drive any state-owned vehicle possess a valid operator's license. This mechanism should include a periodic review of the operator's license status. All state agencies with long-term vehicle assignments should use Motor Vehicles' automated driving record program offered to public organizations for a nominal fee. This will ensure agencies are aware of serious driving violations for employees that use state-owned vehicles and can help reduce the risk of accidents and liability for the Commonwealth.

Virginia Polytechnic Institute and State University

Prior Recommended Actions from the Statewide Review of Agency-Owned Vehicles

- Virginia Tech should develop and follow policies and procedures for the purchase, assignment, use, and maintenance of all vehicles assigned to various departments outside of the Motor Pool.

Status

Virginia Tech developed new policies and procedures that adequately addressed all the issues in our 2004 report. They continue to use a version of the FASTER fleet management system to track and monitor maintenance for agency-owned vehicles. Virginia Tech has directors and department heads check employee and student driver's licenses when they are hired. In addition, Virginia Tech requires the individual to read and sign a form regarding proper use of state vehicles and certify that they will report any change in their driver's license status to the university. Given its large number of possible drivers, Virginia Tech determined that this is the most cost effective solution to monitor drivers. Virginia Tech completed an initial reconciliation of the vehicle data in their system and Motor Vehicles' system after the issuance of the report in 2004. Virginia Tech now performs this reconciliation annually.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

September 27, 2007

The Honorable Timothy M. Kaine
Governor of Virginia
State Capital
Richmond, Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We have completed a follow-up to our 2004 "Statewide Review of Agency-Owned Vehicles" and the Joint Legislative and Review Commission report entitled "Review of the State's Passenger Vehicle Fleet" issued in 2004. We conducted our review in accordance with the standards for performance audits set forth in Government Auditing Standards, issued by the Comptroller General of the United States.

Objectives

We had several objectives in our review. These objectives were to:

1. Determine whether OFMS, agencies, and institutions were following the guidelines outlined in *Executive Order 89*.
2. Determine whether agencies and institutions have updated their policies and procedures to incorporate the changes outlined in *Executive Order 89* and the updated OFMS policies and procedures.
3. Determine whether agencies have implemented policies and procedures to satisfy the recommendations in our 2004 "Statewide Review of Agency-Owned Vehicles."
4. Determine whether OFMS has implemented corrective action for the recommendations made by the Joint Legislative Audit and Review Commission in their 2004 report entitled "Review of the State's Passenger Vehicle Fleet."
5. Determine industry standards for fleet management operations.

Scope and Methodology

We interviewed seven agencies and institutions to determine if the agencies and institutions implemented additional policies and procedures to address the recommendations in our 2004 Special Report

entitled “Statewide Review of Agency-Owned Vehicles.” We conducted interviews and observed key personnel at OFMS to determine the status of recommendations from the 2004 JLARC report entitled “Review of the State’s Passenger Vehicle Fleet.” We also determined current fleet operations and plans for the future.

We reviewed laws and regulations relating to state-owned vehicles including *Executive Order 89* “Purchase, Assignment and Use of State-owned Vehicles” and the OFMS Rules and Regulations. We reviewed policies and procedures for fleet management from other state and institutional websites to determine the industry standards for fleet management.

Results

We determined that OFMS did not have a business plan outlining their goals for the future and how they would attain those goals. Even though the Governor extended *Executive Order 89* to all agency-owned vehicles, OFMS has not adequately updated its policies and procedures to include all agency-owned vehicles and all applicable policies. There are currently no policies and procedures governing non-passenger type vehicles. OFMS did not adequately address all recommendations in JLARC’s 2004 report entitled “Review of the State’s Passenger Vehicle Fleet.” Most of the agencies and institutions did not adequately address some of the recommendations reported in the 2004 “Statewide Review of Agency-Owned Vehicles.”

We recommend that OFMS develop a business plan outlining its goals for the future. We also recommend that OFMS develop policies and procedures governing all state-owned vehicles, including passenger, non-passenger, central, and agency-owned vehicles. In addition, we recommend various changes in specific agency’s internal controls, policies, and procedures.

Exit Conference And Report Distribution

We discussed this report with management of the following agencies: General Services, Motor Vehicles, Corrections, State Police, Game and Inland Fisheries, Mines, Minerals and Energy, Conservation and Recreation, Forestry, and Virginia Tech. Managements’ responses have been included at the end of this report. Forestry and Virginia Tech agreed with the information contained in the report and chose not to respond.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

DBC/wdh



COMMONWEALTH of VIRGINIA

Department of General Services

Richard F. Sliwoski, P.E.
Director

Joseph F. Damico
Deputy Director

Bobby Myers
Deputy Director

202 North Ninth Street
Suite 209

Richmond, Virginia 23219-3402
Voice/TDD (804) 786-6152
FAX (804) 371-8305

October 10, 2007

Mr. Walter J. Kucharski
Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23219

Dear Mr. Kucharski:

The Department of General Services (DGS) appreciates the time and effort the staff of the Auditor of Public Accounts (APA) spent reviewing the Office of Fleet Management Services (OFMS) and generally agrees with the comments and recommendations concerning OFMS operations. Additionally, DGS recognizes the internal controls, policy and procedures issues, identified by the APA staff, requires immediate management attention and is appreciative of the recommendations provided.

The fifteen DGS OFMS specific recommendations fall into four primary categories, they are:

- Develop a DGS OFMS Business Plan (recommendation #1)
- Development of Policies and Procedures addressing various business processes (recommendations #2 - #11 and #15)
- Expand its driver training program (recommendation #12)
- Expand use of its Vehicle Maintenance Control Center (recommendations #13 and #14)

DGS OFMS is moving forward to complete its Business Plan that was in development during the period this audit report was being prepared. DGS has contracted with a private sector fleet management-consulting firm to complete the OFMS Business Plan. A contract task order has been prepared and will be executed no later than the end of October 2007. DGS OFMS, working with the consultant, will have a completed business plan no later than the end of FY08.

In parallel with the development of the OFMS Business Plan, OFMS will be revising existing policies and procedures. The OFMS Director has already begun to draft a revised policies and procedures document. The document will address the policies and procedures identified in this report. OFMS customers will be consulted for input regarding the policies and

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Mr. Walter J. Kucharski
October 10, 2007
Page Two

procedures document. It is expected the policies and procedures manual will be complete no later April 1, 2008.

OFMS is in discussions with Drive Smart Virginia to develop a training program for driver safety. OFMS is targeting December 2007 for the first training event. In addition, DGS will be developing a more robust training program based on recommendations that come from the fleet management consultant as part of the OFMS business plan objectives.

OFMS has already begun the expansion of the Vehicle Maintenance Control Center (VMCC). The Richmond Redevelopment and Housing Authority and Virginia Department of Environmental Quality have already turned their maintenance monitoring over to the OFMS VMCC. OFMS is in discussion with other state agencies to bring their vehicles into the VMCC.

DGS OFMS' approach to implementing the APA's recommendations revolves around the use of a fleet management, strategic business planning process involving key steps:

- defining roles and responsibilities associated with the conduct of all critical fleet management activities;
- defining direct (i.e., asset management) and indirect (e.g., business management) activities or functions that must be performed in order to manage a fleet efficiently and effectively;
- conducting SWOT (strengths, weaknesses, opportunities, threats) analysis of each fleet management function in order to prioritize and incorporate APA recommended improvements and transformation activities;
- defining process improvement/transformation strategies and developing detailed action and task plans, including timelines, milestones, deliverables, responsibility assignments, budgets, and key performance initiatives.

We believe this deliberate process, which will employ a collaborative, team-based approach in developing a plan in which fleet management officials and staff, fleet user organization representatives, and other key stakeholders and interested entities (i.e. APA) will all play a role in developing the Business Plan and Policies and Procedures becoming key "owners" of these documents. DGS is confident these work products will address the APA's recommendations documented in this report.

Sincerely,


Richard F. Sliwoski, P. E.
Director



COMMONWEALTH of VIRGINIA

Department of Motor Vehicles
2300 West Broad Street

D. B. Smit
Commissioner

Post Office Box 27412
Richmond, VA 23269-0001
866-DMV-LINE or
800-435-5137

October 15, 2007

Mr. Walter J. Kucharski
Auditor of Public Accounts
James Monroe Building
Richmond, VA 23219

Dear Mr. Kucharski:

This is the Department of Motor Vehicles' (DMV) response to the Auditor of Public Accounts' recommendations regarding "Statewide Review of Agency Owned Vehicles".

Recommendation # 16: *Motor Vehicles should continue to work with OFMS to reconcile Motor Vehicles' system to the Commonwealth's fixed asset system and agency systems.*

Response: DMV continues to work with the Department of General Services, Office of Fleet Management Services (DGS/OFMS), to reconcile the DMV records with the Commonwealth's fixed asset and individual agency systems. DMV has placed policies and procedures on titling and registering motor vehicles on DMV's website and, specific policies and procedures related to state-owned vehicles have been incorporated into a manual distributed by DGS/OFMS. Additionally, DMV has a system-generated report—available upon request—that lists all vehicles owned by both localities and the state. This information was provided to DGS for inclusion and mailing to all state agencies over a year ago. Finally, because of the recent turnover in DGS staff, DMV will be meeting with OFMS to ensure they have all current information.

Recommendation # 17: *Motor Vehicles should develop policies and procedures on how to register state-owned vehicles.*

Response: DMV has complete instructions for titling and registering state vehicles on its website. The website address is <http://www.dmv.virginia.gov/webdoc/citizen/vehicles/stateownedveh.asp>. In an effort to assist agencies in locating this information, the search capability will be enhanced.

Thank you for providing DMV an opportunity to clarify our position on these recommendations. Please let me know if further information is needed.

Sincerely,

D. B. Smit



COMMONWEALTH of VIRGINIA

GENE M. JOHNSON
DIRECTOR

Department of Corrections

P. O. BOX 26963
RICHMOND, VIRGINIA 23261
(804) 674-3000

October 16, 2007

Mr. Walter J. Kucharski
Auditor of Public Accounts
P.O. Box 125
Richmond, Virginia 23218

Re: Draft Audit Report
Executive Summary
State Fleet Operations

Dear Mr. Kucharski,

Attached is the Department of Corrections' response to recommendations #18, #19 and #20 of the DRAFT audit report Executive Summary on State Fleet Operations 2007. We believe our response addresses the issues raised in the summary. The DOC is currently working to further strengthen our fleet operations program policies and procedures as indicated in the response attachment.

Sincerely,

A handwritten signature in cursive script, appearing to read "N.H. Scott".

N.H. Scott
Deputy Director
Administration

Attachment

Cc: Gene Johnson

The Department of Corrections wishes to make the following comments concerning the DRFT Executive Summary re the 2004 audit "Review of the State's Passenger Vehicle Fleet".

Re: RECOMMENDATION #18

The DOC has rewritten its policies and procedures that guide fleet management. They cover all aspects of fleet management cited in Recommendation #18 with the exception of a detailed replacement policy. It is felt that a fleet review program closely monitored by the DOC Fleet Manager would be the best way to evaluate and determine the most cost effect use and replacement needs of DOC vehicles. Also included is a preventive maintenance program covered under the TMS Management Program.

Re: RECOMMENDATION #19

The DOC has determined that the TMS Maintenance Management System will meet all the requirements for fleet management. All operation and maintenance cost can be captured for all DOC vehicles on this system. The DOC is currently working with Mansfield Oil to install electronic card readers on DOC fueling stations. This will allow for the tracking of gasoline and diesel fuel purchases. The purchases will be electronically transferred to the TMS system to individual vehicles.

Re: RECOMMENDATION #20

The DOC currently has a policy in place to check the license of all FTE staff, WE-14 staff, volunteers and contractors working for the DOC at the time of the initial hiring or initial use of a DOC vehicle. Periodic visual checks are made of staff drivers licenses. We have not found a way to perform a DMV check of all DOC staff driver's licenses that we feel to be cost effective.



Colonel W. S. (Steve) Flaherty
Superintendent

(804) 674-2000

COMMONWEALTH OF VIRGINIA

DEPARTMENT OF STATE POLICE

P. O. Box 27472, Richmond, VA 23261-7472

September 28, 2007

Lt. Col. Robert B. Northern
Deputy Superintendent

Mr. Walter J. Kucharski
Auditor of Public Accounts
PO Box 1295
Richmond, Virginia 23218

Re: Statewide Fleet Report

Dear Mr. Kucharski:

Thank you for the opportunity to review and comment on the Statewide Fleet Report.

Recommendation #21 - State Police should develop a strategically driven plan to implement a fleet management system that best fits its needs in the shortest time possible.

The Department of State Police reviewed the FASTER system and determined;

1.) it does not meet our needs and 2.) it would be too costly (approximately \$10,000.00 per month). As indicated in the report, agencies should develop a policy that considers their individual and unique needs and operations. We believe the vehicle expense report and the supervisor's monthly inspection ensures our vehicles are being maintained in accordance with Department policies and manufacturer's recommended maintenance schedules. We acknowledge the fact that our automated vehicle expense report system can be improved. The Department has explored other systems to include the fleet management module of the Oracle Business Suite, however, due to limited funding and the current budget crisis that system can not be implemented. Our current system meets our needs and ensures our vehicles are well maintained.

Again, thank you for providing an opportunity to respond to your recommendation.

Sincerely,

A handwritten signature in black ink, appearing to read "W. S. Flaherty".

Superintendent

WSF/FWI/cls

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COMMONWEALTH of VIRGINIA

L. Preston Bryant, Jr.
Secretary of Natural Resources

Department of Game and Inland Fisheries

J. Carlton Courter, III
Director

October 15, 2007

The Honorable Walter J. Kucharski
Auditor of Public Accounts
James Monroe Building
P. O. Box 1295
Richmond, VA 23218-1295

Dear Mr. Kucharski:

We have reviewed your draft report on state-wide owned vehicles. Thank you for the opportunity to respond to your recommendations. Below, is an outline of the actions the Department of Game and Inland Fisheries (DGIF) plans to take, to address your recommendations.

- Recommendation 22: DGIF will continue to work with DGS Fleet Management and plans to have a pilot program in place by the end of FY 2008.
- Recommendation 23: DGIF will continue to reconcile our records with Motor Vehicles records on an annual basis.

Again, thank you for your valued input from the report. We appreciate the opportunity to comment on these very important matters.

Sincerely,


J. Carlton Courter, III
Director



COMMONWEALTH of VIRGINIA
DEPARTMENT OF CONSERVATION AND RECREATION
203 Governor Street, Suite 404
Richmond, Virginia 23219-2010
(804) 786-0001

October 10, 2007

Mr. Water J. Kucharski
Auditor of Public Accounts
P. O. Box 1295
Richmond, Virginia 23218

Re: Statewide Fleet Report

Dear Mr. Kucharski:

The Department of Conservation and Recreation (DCR), has completed its review of the final draft of the Statewide Fleet Report. Since the 2004 review, DCR has reconciled its records for agency-owned vehicles with the DMV data and we are in the process of reconciling our fixed asset records.

The DCR will be using and evaluating the OFMS FASTER system and VMCC to manage and monitor its vehicles.

If you have any questions please do not hesitate to contact me at 371-7483.

Sincerely,

A handwritten signature in black ink, appearing to read "William E. Price".

William E. Price
Deputy Director for
Administration & Finance

c: Tim Bishton, Finance Director
Christine Edwards, Agency Transportation Officer



DEPARTMENT OF FORESTRY

900 Natural Resources Drive, Suite 800
Charlottesville, VA 22903
www.dof.virginia.gov

MEMORANDUM

DATE: October 5, 2007
TO: Walter Kucharski; Auditor of Public Accounts
FROM: Carl Garrison; State Forester
SUBJECT: Follow-up on Statewide Review of Agency-Owned Vehicles
Special Report June 2004

We have reviewed the Statewide Follow-up Report on Agency-Owned Vehicles conducted by the Auditors of Public Accounts. The table below identifies the corrective action that will be taken

Recommendation	Proposed Corrective Action	Implementation date	Responsible Position
#24: Forestry should work with OFMS to become part of the VMCC's FASTER system at Centralized Fleet.	The Department of Forestry is actively involved in working toward an efficient solution to managing our maintenance costs. It appears to us that FASTER is oriented more toward passenger-type vehicles and our fleet is unique in our tractors and trailers. Therefore, we are evaluating off-the-shelf programs. In addition, we are providing VITA input on their development of a fleet management system and we are on the Governor's review team for fleet management. We are committed to implementing a fleet management system that meets our needs.	12/31/08	Brad Williams; Assistant State Forester
#25: Forestry should develop a mechanism to guarantee individuals authorized to drive any state-owned vehicle possess a valid operator's license. This mechanism should include a periodic review of the operator's license status.	We are revising our Safe Driving and Accident Reporting Policy. Employees will have to sign an acknowledgement form that they received the updated policy and provide their driver's license number and expiration date. We will track the renewals for all drivers on a spreadsheet. In addition, we will use the Department of Motor Vehicles' automated driving record program for all employees with a commercial driver's license (CDL).	3/31/08	Debbie Howe; Human Resources Director

Please do not hesitate to contact me if you have any questions.

Mission: We Protect and Develop Healthy, Sustainable Forest Resources for Virginians.